

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT  
PRICE ADJUSTMENT

Docket No. R2017-1

**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO QUESTION 3 OF CHAIRMAN'S INFORMATION REQUEST NO. 5**  
(November 9, 2016)

The Postal Service hereby files its response to question 3 of Chairman's Information Request (CHIR) No. 5, issued on October 27, 2016. The question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing & Product Support

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Ashley Silberhorn

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1135  
(202) 268-2963, FAX: -6187  
ashley.s.silberhorn@usps.gov  
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3. In its Notice, the Postal Service notes a correction to the MCS, which reflects "that Merchandise Return Service [MRS] is available for only First-Class Package Service, Priority Mail, and Parcel Select Ground as of May 31, 2015." Notice at 58.
- a. Please confirm that the Postal Service's notice and proposed MCS changes in Docket No. R2015-4 and the Commission's subsequent order in that docket, Order No. 2388,<sup>2</sup> did not address the removal of MRS as an option for First-Class Mail Parcels. If not confirmed, please explain.
  - b. Please confirm that if the Postal Service's proposed MCS changes in this docket are implemented, this service will no longer be available for any market dominant product. If not confirmed, please explain.
  - c. Please identify the number of hybrid year MRS permits that were used to mail only market dominant products.
  - d. Please revise the MRS workpapers to reflect that the service will no longer be available as an Ancillary Service for any market dominant product.

**RESPONSE:**

- a. Confirmed. In conjunction with the price and classification changes proposed in Docket No. R2015-4, on February 5, 2015, the Postal Service published a proposed rule notifying the public of potential revisions to the Domestic Mail Manual, to become effective on May 31, 2015.<sup>3</sup> The proposal included "replacing the use of market-dominant First-Class Mail parcels, Package Services (Media Mail, Library Mail, and Bound Printed Matter), and Standard Post<sup>TM</sup> (recently moved to competitive but as a retail-only product) for MRS with competitively priced First-Class Package

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<sup>2</sup> See Docket No. R2015-4, United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015 (Docket No. R2015-4 Notice). See *also* Docket No. R2015-4, Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, March 10, 2015 (Order No. 2388).

<sup>3</sup> New Mailing Standards for Domestic Mailing Services Products, 80 Fed. Reg. 6,574 (Feb. 5, 2015).

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Service and Parcel Select® Nonpresort (ground) products.”<sup>4</sup> The final rule was published on May 4, 2015.<sup>5</sup> Notwithstanding these announcements, however, the Postal Service's Notice of Market Dominant Price Adjustment and proposed MCS language filed in Docket No. R2015-4 inadvertently omitted First-Class Mail Parcels from the MRS proposal.<sup>6</sup> The classification changes proposed in this docket correct this oversight so that the MRS product description accurately represents current offerings.

- b. Confirmed. The change became effective May 31, 2015. MRS is currently not available at any market-dominant price.
- c. Since May 31, 2015, the Postal Service no longer offers MRS with any market-dominant product. Thus, for the hybrid year beginning Quarter 4 of FY 2015 and ending Quarter 3 of FY 2016, no MRS permits should have been used to mail only market-dominant products. However, based on the best data available at this time, the Postal Service is unable to determine how many, if any, MRS permits were used exclusively for market-dominant products.
- d. The workpapers currently show the price cap impact of removing all MRS permit and account maintenance fees, as proposed in this filing.

Accordingly, no revisions to the Postal Service's workpapers are required.

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<sup>4</sup> *Id.* at 6,575.

<sup>5</sup> New Mailing Standards for Domestic Mailing Services Products, 80 Fed. Reg. 25,528, 25,529 (May 4, 2015).

<sup>6</sup> United States Postal Service Notice of Market-Dominant Price Adjustment, PRC Docket No. R2015-4 (Jan. 15, 2015), at 54; *see also id.* Attach. A, pt. 1, at 15, 104.